Impact of QRs removal on tea industry

4125. SHRIMATI AMBIKA SONI:
SHRI SANTOSH BAGRODIA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that 160 year old Assam tea industry is going through a rough patch due to cheap imports;

(b) whether it is also a fact that removal of quantitative restrictions on import of tea will worsen the Assam tea industry;

(c) whether there is any plan to increase the import duties to 150 per cent as permissible under WTO; and

(d) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH): (a) and (b) No Sir. The tea industry in Assam is facing problems due to fall in tea prices and increasing cost of production. The fall in Assam tea prices is not related to tea imports. Import of tea into India is around 14 mn. kgs which is 1.7 percent of our total tea production. Moreover, 60% of such imported tea is re-exported. Therefore, it is unlikely that tea import could have any adverse affect on domestic tea industry including that of Assam.

In order to safeguard the interest of the domestic tea producers, consequent to removal of quantitative restriction on imports, Government has already increased the basic custom duty on tea from 35% to 70% in the budget 2001-2002.

(c) and (d) In view of the recent increase in basic custom duty, there appears to be no immediate need for increasing the custom duty to the permissible level under WTO. Government is keeping a close watch on the import scenario and will take necessary action as and when required.